

**MINUTES OF THE
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT
May 21, 2004 Meeting**

Members Present:	David Simmons, Barbara Zimonja, Jerry Oldroyd, Bill Boyle, Dell Loy Hansen, Mark Howell, Richard Nelson, Cliff White, Ed Ekstrom, Jane Shock, and Joel Bradford
Members Absent:	Kenneth Woolley, Karen Alvey, and Ted Smith
Visitors:	Brad Baird, EDCU; Linda Archibald, Miller Business Innovation Center; Chris Dallin, Davis Chamber of Commerce; Diane Williams, Companion Systems; Kent Sulser, Davis County Economic Development; Ed Wright, National Vinyl Products; Jamie Hadfield, National Vinyl Products; Suzanne Winters, Battelle Memorial Institute; Brice Wallace, Deseret News
Staff:	Dave Harmer, Marian Hein, Tracie Cayford, Tamee Roberts, Todd Hauber, Lisa Howe, Mark Renda, Kelly Day, Ron Richins, Connie Gates, Jeff Gochnour, Rod Linton, Cathy Rawstorn, Stan Nance, Emily Sang

Welcome

Chairman Simmons welcomed DBED Board, staff, and guests and asked for approval of the February, March, and May 7, 2004 minutes.

MOTION: **Bill Boyle moved to approve the May 7th minutes pending his suggested changes to the Incentives Committee Discussion. Dell Loy Hansen seconded the motion. Motion carried.**

MOTION: **Ed Ekstrom moved to approve February and March minutes as submitted. Barbara Zimonja seconded the motion. Motion Carried.**

Larry H. Miller Business Innovation Center

Due to a full agenda, Linda Archibald asked to present an update on the Larry H Miller Business Innovation Center at a later date.

Committee Reports

Centers of Excellence

A handout was given to members to follow as Mike Keene briefly described each of the eighteen proposals as recommended for approval by the Centers of Excellence (COE) Advisory Council.

MOTION: **Ed Ekstrom moved to approve the COE Committee's recommendations (see attached) for funding as presented. Dell Loy Hansen seconded the motion. Motion carried.**

Mr. Keene reported that about a dozen programs were not funded due to lack of funding. Richard Nelson asked the board to consider making the Centers of Excellence program their priority and to make it an action item at the top of a future legislative agenda. Jerry Oldroyd agreed with Rich and said that legislators really know very little about the Centers and the value and return on dollars to the State that it adds.

Incentives Committee

Barbara Zimonja reported that the Utah Capital Investment Corporation Fund of Funds discussion has been postponed until a special meeting can be arranged in the future.

Project Evergreen

Mark Howell presented the Project Evergreen proposal as put together and recommended for approval by the Incentives Committee. The company is looking at future growth opportunities for manufacturing in Utah and the possible relocation of its US Division Headquarters.

MOTION: **Approve for Project Evergreen \$3,000 per new employee position and \$100,000 for the relocation of the US Division Headquarters, for a maximum total incentive of \$1,300,000 on a post performance basis for 400 new full-time employee positions over five years with a salary meeting or exceeding 125% of the County median wage. The company must commit to keep operations in Utah for five years. Dell Loy Hansen made a motion to approve the written proposal and Mark Howell seconded the motion. Motion carried.**

National Vinyl Products

Jerry Oldroyd presented the National Vinyl Products proposal as recommended for approval by the Incentives committee as follows:

MOTION: Approve for National Vinyl Products \$2,500 per new employee position, for a maximum incentive of \$100,000 on a post performance basis for 40 new full-time employee positions over five years with a salary meeting or exceeding 100% of the Juab County median wage. The company must commit to keep operations in Utah for five years. The committee moved to approve and Dell Loy Hansen seconded the motion. Motion carried.

Qwest

Bill Boyle presented a report of Qwest Bilingual, a call center currently located in Arizona who is expanding operations in Salt Lake City. Bill reported the Incentives Committee had made a unanimous recommendation to approve the following proposal:

MOTION: Approve for Qwest Bilingual \$2,000 per new employee position, for a maximum incentive of \$150,000 on a post performance basis for 75 new full-time employee positions over five years with a salary meeting or exceeding 125% of the Salt Lake County median wage, provided that these 75 FTE positions exceed the baseline number of existing Qwest FTE positions in Utah each year of this agreement. The company must commit to keep operations in Utah for five years. Ed Ekstrom moved to approve and Dell Loy Hansen seconded the motion. Jerry Oldroyd, Richard Nelson and Mark Howell abstained from voting or participating in a discussion due to relationships with Qwest. Motion carried.

SLCVB Outdoor Retailer Conventions

Barbara Zimonja presented the Incentive Committee's recommendation to approve the Outdoor Retailer Conventions proposal as follows:

MOTION: Approve for the Salt Lake Convention and Visitors Bureau a maximum award of up to \$400,000 comprised of annual disbursements of \$200,000 per year for two years representing 2004 – 2005. The purpose of this incentive is for costs of retaining the Outdoor Retailers Convention in Utah excluding bond debt service and is subject to combine Salt Lake City and Salt Lake County financial commitment, sufficient to begin Phase I of the project. Barbara Zimonja moved to approve, Dell Loy Hansen seconded the motion. Motion carried.

Film Production Incentives

Barbara Zimonja presented the film incentives proposal and asked Leigh Von der Esch to give an overview and take questions from the Board. The Incentives Committee recommends approval of the following:

Incentive Application Process:

- 1) Submission of Total Production Budget including projection of "Dollars Left In State"
- 2) Script Review for Content Matter
- 3) Demonstrate Readiness Requirements

Prior Commitment Required to Access Incentive: DBED Board Approval or delegated dollar cap to IAF administrator.

Readiness Requirements: Must demonstrate that project financing and distribution agreement are in place.

Utah Credit Requirement: Must include Filmed in Utah credit and Utah Film Commission credit and logo.

Content Matter: Script review for Motion Picture Association of America (MPAA) rating of G, PG-13, or R.

Incentive Percentages: Represent percent of Dollars Left in State.

Post-Performance Grant: Incentive payment is awarded after performance (tax rebate).

Dollar Cap Allocated to Film Incentives for calendar year 2004: \$1,000,000

Dollar Cap per Film Project: No single project may exceed \$500,000 in incentives.

Audit Accountability: Summary and Detail of Production Expenditures.

MOTION: Approve the adoption of a demonstration program for film incentives according to the proposed Film Production and Incentives as shown. Joel Bradford moved to approve the motion; Debra Tanzi and Mark Howell seconded. Motion Carried.

Ms. Von der Esch reported that the proposal is not the long-term solution, but rather an opportunity to set up a prototype to further evaluate the proposal while creating jobs in Utah. There are two projects queued up; one involves working with the University of Utah and will take the \$500,000 cap. The choice for this project is between Utah and New Mexico, however, the University of Utah is preferred because of the value in kind of several thousand dollars they will be giving for being identified and giving access to all of the film. The other project is a low budget movie Utah and Toronto are competing for which will star Meryl Streep.

Leigh explained if the application goes through and tracking of returns and expenditures is successful, then data will be available to verify that the program is good and should be expanded. However, in the long term, she does not feel that this tool will enable Utah to compete effectively.

Jerry Oldroyd suggested a DBED board member should meet with the Film task force at every meeting. The Board left the option open for further funding to this film incentive prototype. An independent analysis will be performed on the effectiveness of this initial pilot. Leigh pointed out that there are states and countries doing this on a loss-leader basis and they are willing to commit to a very low ROI and it's the legislative duty to say what the traffic will bear.

Business Development Committee

Debra Tanzi reported that a special session of the Business Development Committee was held at Stoeel Rives yesterday. Each of DBED's program directors gave a detailed report on their programs. A more in-depth report will be given at next month's board meeting. Jane Shock will host the next committee meeting at American Express around the first week in June. A committee called the Metrics and Strategy committee was created and will be chaired by Cliff White and co-chaired by Jane Shock. The new committee was established to identify ways for the board members to provide more resources to DBED.

Ms. Tanzi introduced Chris Dallin, President and CEO of the Davis Chamber, Kent Sulser, Economic Development Director of Davis County and Diane Williams with Companion Systems. Chris Dallin explained how the Chamber formed a committee made up people from the County, State, Department of Workforce Services, Davis County Chamber, and Weber State, who work together and pro-actively go out to meet with businesses. The committee's mission is to help Davis County Economic Development with business retention. Mr. Sulser explained that every other Thursday afternoon, they go to two or three businesses and meet with the Presidents and CFO's to discuss fundamental issues and their futures. He asked Diane Williams to relay to the DBED Board her company's unique experience.

Ms. Williams described how Companion Systems received assistance from Davis County when it was on the verge of going out of business. Davis County Economic Development helped them come up with \$800,000 to complete a business merger, which enabled the company to save 100 jobs. Because of this help, Companion Systems is growing and expects to increase their staff by 30-50 additional jobs.

Best Practices Committee

Ed Ekstrom reported that the Best Practices Committee is continuing to work on a fairly heavy agenda. Richard Nelson briefed the board on the Fund of Funds progress.

Division Reports

Jeff Gochnour gave the following update on DBED program activities:

BEAR

- BEAR staff and county economic staff are working together on business visitations along the wasatch front.
- Gregg Panicello was hired as the new Small Business Development Center Director.
- There are three new smart sites; they are in Nephi, Hurricane, and Blanding. The jobs created by them total about 35, which brings our overall smart site job count to about 770. A recent tally was done and over 900 jobs have actually been created, but haven't all survived. This rural program has been granted national recognition for its innovation.
- Support continues for the Utah Defense Alliance, which is heavily involved in the Hill Air Force Base realignment and closure initiative. A consulting firm from Washington DC has been retained to help the effort, along with a Utah based consulting firm, the governors office, and DBED staff. Ron Richins, a representative of the Governor's office, and the Utah Congressional Delegation will be traveling this weekend to Dayton Ohio for meetings to discuss a joint marketing campaign to save our bases. There will be a tech at breakfast meeting at 7:30 on May 28, 2004 at the Alta Club with Rick Mayfield giving a presentation on this issue.
- Procurement staff co-sponsored a supplier development showcase at the Larry Miller campus on May 12, 2004. Over sixty buying organizations had representatives there, along with over 200 small businesses who attended to market their products and services.
- The Northwest Band of Shoshones, the NWBT technology company in Brigham City, was awarded a translation contract from the department of justice for \$960,000 dollars. This benefits Utah companies by capitalizing on the Indian tribe's ability—their 8A status, to get preferential treatment and match them as a partner with technology companies in Utah who have experience and expertise.

Science and Technology

- COE staff has identified a need for Utah's small businesses to compete more effectively for small business innovation and research grants. Mike Keene brought together a team of three organizations who are applying for funding under a federal program to help train Utah businesses be more effective in competing for SBRA grants.
- COE staff is heavily involved in planning for the National SBIR conference, which will be held this November in Boise.
- Mike Keene and Rod Linton were very involved in the planning of the Edison Conference. Of the eighteen companies that were finalists, six were Centers programs. One of the final six winners was also a Centers program. Ed Catmull, cofounder of Pixar gave the keynote address at the luncheon.
- Mike Keene recently led a great bid presentation in Portland Oregon as we are trying to win the 2008 Intel International Science and Engineering Fair for Salt Lake.
- Rod Linton has been involved in HB240 meetings and pushing forward the fund of funds. There was a meeting with Envision Utah where a toolbox for economic development was put together to make sure that it is incorporated in their vision and planning for the growth of our state.
- Several DBED staff members recently met with the Aerospace Industry and the Utah Manufacturing Association to discuss the possibility of creating a subsection on aerospace and composite materials manufactures.

International Business Development

- International staff has been busy hosting International week, which has not been hosted since 2001. All of the meetings and activities were very well attended. All ten international trade representatives are in town as well to participate in the various activities.
- More than 30 people from Utah participated in the Beijing and Shanghai Trade mission along with DBED staff. It was an extraordinary trip and pointed out the reputation that Utah has in China, which is pretty amazing. There was a great meeting with the Beijing Olympic organizing committee, who recognized the success of our games and is hopeful that Utah can provide some support during their games.
- The trade mission to Santiago Chile took place last month with six Utah business's traveling there.

Utah Film Commission

- Film staff completed their digital film library, which is now available on the Internet.
- Everwood wrapped up its second year of filming in Utah and will also film next years season in Utah as well.

National Business Development

- National staff hosted a group of 80 corporate real estate executives to a Cubs game at the spring CoreNet Conference in Chicago earlier this month. Utahans Herm Franks, former manager of the San Francisco Giants and the Chicago Cubs and his wife were with the group. All of the executives were able to have their pictures taken with Herm Franks and were really excited with the outcome of the evening.
- State and local staff participated in a recruiting trip to southern California to meet with several companies.

June 18, 2004 Agenda Items

Connie Gates was asked to poll the board members to determine the best date in June for the next Board meeting.

Other Business

With no further business to take care, Chairman Simmons adjourned the meeting at 12:10.